

6 Sec. 17. Section 77-27,188, Reissue Revised Statutes of

7 Nebraska, is amended to read:

8 77-27,188. (1) A refundable credit against the taxes
9 imposed by the Nebraska Revenue Act of 1967 shall be allowed to any
10 taxpayer who has an approved application under the Employment
11 Expansion and Investment Incentive Act, who is engaged in a
12 qualifying business as described in section 77-27,189, and who
13 after January 1, ~~2004~~ 2006:

14 ~~(a)~~ (a)(i) Increases ~~the employment and investment of~~
15 ~~such business~~ by two new equivalent Nebraska employees and makes an
16 increased investment of at least one hundred twenty-five thousand
17 dollars prior to the end of the first taxable year after the year
18 in which the application was submitted in any county in this state
19 with a population of less than ~~twenty-five~~ fifteen thousand
20 inhabitants, according to the most recent federal decennial census,
21 or in any designated enterprise zone pursuant to 42 U.S.C. 11501 or
22 the Enterprise Zone Act; or

23 ~~(b)~~ (ii) Increases employment by five new equivalent
24 Nebraska employees and ~~who~~ makes an increased investment ~~in this~~
25 ~~state~~ of at least two hundred fifty thousand dollars prior to the
26 end of the first taxable year after the year in which the
27 application was submitted in any county in this state with a
1 population of less than twenty-five thousand inhabitants, according
2 to the most recent federal decennial census; and

3 ~~(c)~~ (b) Pays a minimum qualifying wage of eight dollars
4 and twenty-five cents per hour to the new equivalent Nebraska
5 employees for which tax credits are sought under the Employment
6 Expansion and Investment Incentive Act. The Department of Revenue
7 shall adjust the minimum qualifying wages required for applications
8 filed after January 1, 2004, and each January 1 thereafter, as
9 follows: The current rural Nebraska average weekly wage shall be
10 divided by the rural Nebraska average weekly wage for 2003; and the
11 result shall be multiplied by the eight dollars and twenty-five
12 cents minimum qualifying wage for 2003 and rounded to the nearest
13 one cent. The amount of increase or decrease in the minimum
14 qualifying wages for any year shall be the cumulative change in the
15 rural Nebraska average weekly wage since 2003. For purposes of
16 this subsection, rural Nebraska average weekly wage means the most
17 recent average weekly wage paid by all employers in all counties
18 with a population of less than twenty-five thousand inhabitants as
19 reported by October 1 by the Department of Labor.

20 (c) For purposes of this section, a teleworker working in
21 Nebraska from his or her residence for a taxpayer shall be
22 considered an employee of the taxpayer, and property of the
23 taxpayer provided to the teleworker working in Nebraska from his or
24 her residence shall be considered an investment. Teleworker
25 includes an individual working on a per item basis and an
26 independent contractor working for the taxpayer so long as the
27 taxpayer withholds Nebraska income tax from wages or other payments
1 made to such teleworker. For purposes of calculating the number of
2 new equivalent Nebraska employees when the teleworkers are paid on
3 a per item basis or are independent contractors, the total wages or
4 payments made to all such new employees during the year shall be
5 divided by the qualifying wage as determined in subdivision (b) of
6 this subsection, with the result divided by two thousand eighty
7 hours.

8 (2) The amount of the credit shall be three thousand
9 dollars for each new equivalent Nebraska employee and two thousand
10 seven hundred fifty dollars for each fifty thousand dollars of
11 increased investment.

12 (3) An employee of a qualified employee leasing company

13 shall be considered to be an employee of the client-lessee for
14 purposes of this section if the employee performs services for the
15 client-lessee. A qualified employee leasing company shall provide
16 the Department of Revenue access to the records of employees leased
17 to the client-lessee.

18 (4) The credit shall not exceed the amounts set out in
19 the application and approved by the Tax Commissioner.

20 (5)(a) If a taxpayer who receives tax credits creates
21 fewer jobs or less investment than approved in the project
22 agreement, the taxpayer shall repay the tax credits as provided in
23 this subsection.

24 (b) If less than seventy-five percent of the proposed
25 jobs in the project agreement are created, one hundred percent of
26 the job creation tax credits shall be repaid. If seventy-five
27 percent or more of the proposed jobs in the project agreement are
1 created, no repayment of the job creation tax credits is necessary.

2 (c) If less than seventy-five percent of the proposed
3 investment in the project agreement is created, one hundred percent
4 of the investment tax credits shall be repaid. If seventy-five
5 percent or more of the proposed investment in the project agreement
6 is created, no repayment of the investment tax credits is
7 necessary.

8 (6) For taxpayers who submitted applications for benefits
9 under the Employment Expansion and Investment Incentive Act before
10 January 1, 2006, subsection (1) of this section, as such subsection
11 existed immediately prior to such date, shall continue to apply to
12 such taxpayers. The changes made by this legislative bill shall
13 not preclude a taxpayer from receiving the tax incentives earned
14 prior to January 1, 2006.

15 Sec. 18. Section 77-27,195, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 77-27,195. (1) The Tax Commissioner shall prepare a
18 report identifying the amount of investment in this state and the
19 number of equivalent jobs created by each taxpayer claiming a
20 credit pursuant to the Employment Expansion and Investment
21 Incentive Act. The report shall include the amount of credits
22 claimed in the aggregate. The report shall be issued on or before
23 March 15 of each year beginning with March 15, 1988, for all
24 credits allowed during the previous calendar year.

25 (2) Beginning with applications filed on or after January
26 1, 2006, the report shall provide information on project-specific
27 total incentives used every two years for each approved project and
1 shall disclose (a) the identity of the taxpayer, (b) the location
2 of the project, and (c) the total credits used and refunds approved
3 during the immediately preceding two years expressed as a single,
4 aggregated total. The incentive information required to be
5 reported under this subsection shall not be reported for the first
6 year the taxpayer attains the required employment and investment
7 thresholds. The information on first-year incentives used shall be
8 combined with and reported as part of the second year. Thereafter,
9 the information on incentives used for succeeding years shall be
10 reported for each project every two years containing information on
11 two years of credits used and refunds approved. The incentives
12 used shall include incentives which have been approved by the
13 Department of Revenue, but not necessarily received, during the
14 previous two calendar years.